

WADEBRIDGE TOWN COUNCIL



STATEMENT OF INTERNAL CONTROL

2023/24

Recommended to Full Council at: Finance & General Purposes Committee on:

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WADEBRIDGE TOWN COUNCIL

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	Page
CONTENTS	
Scope of Responsibility	2
The Purpose of the System of Internal Control	2
The Internal Control Environment	2
Review of Effectiveness	4
Approval of Internal Control System	5
Appendix 1 – Internal Control Statement	6

1. SCOPE OF RESPONSIBILITY

- 1.1 Wadebridge Town Council (the Council) is responsible for ensuring that its business is conducted ethically, in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and in the public interest.
- 1.2 In discharging this overall responsibility the Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.2 The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. THE INTERNAL CONTROL ENVIRONMENT

3.1 *The Council*

- The Council has appointed a Mayor who is responsible for the smooth running of meetings.
- Through its standing orders, financial regulations and delegated authority to the Clerk the Council has put in place controls to ensure that best value and value for money are achieved.
- The Council reviews its obligations and objectives and approves budgets for the following year at its January full Council meeting and approves the level of precept for the following financial year.
- Full Council is scheduled to meet approximately 9 times a year and monitors progress against its aims and objectives at each meeting by receiving minutes, recommendations and reports from the Finance & General Purposes Committee, Planning Committee, Staffing Committee and Working Groups.
- Finance & General Purposes Committee meet 5 times during the financial year. Members of the Committee monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of the meetings of the Committee are circulated to all Members of the Council and are a matter of public record.
- The Council carries out regular reviews of its internal controls, systems and procedures (see statement at Appendix 1).
- The Council have the following internal controls in place:
 - Proper bookkeeping
 - Financial Regulations & Standing Orders
 - Risk Management Arrangements

- Budgetary Controls
- Income Controls
- Petty Cash Procedures
- Payroll Controls
- Assets Controls
- Bank Reconciliation
- Year-End Procedures

3.2 **Clerk to the Council/Responsible Financial Officer (RFO)**

- The Council has appointed a Clerk to the Council who acts as the Council's principal advisor and administrator. The Clerk is the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances.
- The Clerk is responsible for advising on the day to day compliance with laws and regulations that the Council is subject to and for managing risks.
- The Clerk also provides advice to assist the Council ensure that it adheres to its procedures, control systems and policies.

3.3 **Payments**

- All payments are reported to the Council for approval.
- For BACS payments the online system of controls ensures invoices over the £1,000 require authorisation by two Members of the Council. Below this amount the Finance Officer and RFO are authorised by the Council to approve. All payments made are reported and presented to each Full Council meeting.
- Two Members of the Council must sign every cheque and a schedule of payments. The signatories should consider each cheque or bank payment against the relevant invoice; sign the invoice and initial the cheque counterfoil and payment schedule. No officer of the Council can sign cheques.
- Persons authorised by the Council are permitted to withdraw funds from the Bank if such withdrawals are for petty cash purposes only, limited in frequency and to a maximum of £200.

3.4 **Income**

- All income is received and banked in the Council's name in a timely manner and reported to the Council.

3.5 **Risk Assessments/Risk Management:**

- A Risk Assessment is produced and updated annually and regularly reviews its systems and controls.
- The Council's insurance cover has been reviewed during 2022/23 and appropriate adjustments made for the year ahead. This approach will continue in 2023/24.

3.6 **Internal Audit**

- The Council has appointed an independent Internal Auditor who reports to the Council on the adequacy of its:
 - Records
 - Procedures
 - Systems

- Internal control
 - Regulations
 - Risk management
 - Reviews
- The effectiveness of the Internal Audit is reviewed annually by the Council.
 - Following the completion of the annual accounts by the RFO, the accounts will be issued to the Internal Auditor to carry out the audit exercise. The Internal Auditor will produce a report into the state of the accounts. If the accounts are satisfactory no further action is required of the Internal Auditor and the RFO will inform the Council.
 - Should there be any discrepancies reported by the Internal Auditor these will be jointly investigated by the RFO and the Council until resolved. The accounts will then, if necessary, be reissued to the Internal Auditor for final scrutiny and reissue of report.

3.7 **External Audit:**

- Following a satisfactory report from the Internal Auditor, the accounts will be issued to the External Auditor along with all relevant information, at a date advised by them.
- The External Auditor will then produce a report into the state of the accounts. Should there be any issues raised they will be dealt with as per the required procedure.
- The External Auditor will submit an annual certificate of audit which is presented to the Council.

4. **REVIEW OF EFFECTIVENESS**

- 4.1 The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit.
- 4.2 The results of that review must be considered by the Council, which should also approve the Statement on Internal Control.
- 4.3 The review of the effectiveness of the system of internal control is informed by the work of:
- The Full Council.
 - The Finance & General Purposes Committee which has responsibilities for recommendations within this area.
 - The Council and all Committees, the Clerk and staff all contribute to the identification and management of risk. Any identified weaknesses in this area are addressed and actioned by the Council.
 - The Clerk to the Council/Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks working with other Council officers.

- The independent Internal Auditor who reviews the Council's system of Internal Control.
- The Council's External Auditors who make the final check using the Annual Return and issue an Annual Audit Report.
- The number of significant issues that are raised during the year.

5. APPROVAL OF INTERNAL CONTROL SYSTEM

5.1 The Council has the responsibility of reviewing the effectiveness of the Internal Audit function and has taken account of the guidance of the Smaller Authorities' Audit Appointments Ltd.

5.2 The Council is satisfied on all accounts that the arrangements are effective and meet expected standards.

Mayor: _____

Responsible Financial Officer/Clerk: _____

Date: _____

APPENDIX 1

INTERNAL CONTROL STATEMENT

- Wadebridge Town Council as a whole is responsible for ensuring that its financial management is adequate and effective, and that the Council has a sound system of internal control which facilitates the effective exercise of their functions and which includes arrangements for the management of risk.
- The Council has determined that the most appropriate method of internal control is at its Finance & General Purposes Committee and, Internal Audit review undertaking routine checks to ensure that the accounting records are being properly completed.
- A random selection of items will ensure that the person carrying out the review is satisfied that the accounting records are correctly maintained. The following checks will be considered for completion:
 - That the cashbook is correctly written up and mathematically correct.
 - That cheque/BACS amounts agree with invoices.
 - That bank reconciliations are regularly undertaken.
 - That income due is received.
 - That VAT returns have been completed.
 - That salary payments agree with Council approved amounts.
 - That petty cash is balanced and agrees with receipts.
 - That financial statements produced for Council agree with the accounting records.
 - That the asset register is updated annually.
 - That the risk assessment is updated and reviewed annually.
 - That all income/expenditure is reported to the Council and properly approved.
- The Council considers these are reasonable controls, however, care should be taken to ensure that internal control checks are proportionate and relevant, and that they are neither seen as, nor intended as, undue interference in the RFO's day to day management of financial affairs.
- The Council reviews its system of internal control on an annual basis and a report on the findings of reviews carried out will be considered by the Full Council along with the Council's statement of internal control and formally recorded i.e. in the minutes or on a separate report which is referred to in the minutes.